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June 22, 1994

RECEIVED

JUN 22 1994

VIA HAND DELIVERY

The Honorable Reed Hundt, Chairman  
Federal Communications Commission  
1919 M Street, N.W.  
Washington, D.C. 20554

FEDERAL COMMUNICATIONS COMMISSION  
OFFICE OF SECRETARY

RE: Competitive Bidding Rules for Broadband PCS  
PP Docket No. 93-253

Dear Chairman Hundt:

On behalf of the PCS Licensing Equity Alliance ("PLEA"), I am submitting the following for your consideration when deciding on the appropriate definitions of small businesses and businesses owned by minorities and women. A listing of our members is attached for your convenience.

First, we applaud the Commission's current proposal which designates two entrepreneurial blocks for exclusive bidding by entities meeting certain average gross revenues standards for the past two years. This designation will bring much needed competition to the wireless communications industry and satisfy Congress' concern about excessive concentration of ownership in the telecommunications industry.

Based on our experience in gaining financing for PCS entities, however, we urge the Commission to allow businesses that qualify to bid in the entrepreneurial band, other than minority- and women-owned businesses, to obtain passive investment of up to 80 percent of total equity with no one investor having more than 20 percent of the total equity. We believe it would be a serious mistake to hamstring potential "entrepreneurial" PCS providers by insisting that they maintain 50.1 percent of the entities' total equity. This will limit their ability to raise the requisite amount of capital to obtain PCS licenses and to build-out viable PCS systems.

We believe that minority- and women-owned businesses also should be permitted freedom to obtain 80 percent of their capital from outside sources. No one outside source, however, should be

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The Honorable Reed Hundt, Chairman  
June 22, 1994  
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able to have more than a 40 percent equity investment in the woman- or minority-owned business. This limitation will safeguard against sham operations and minority fronts by large telecommunications entities.

One final suggestion, we believe that the auction order should be arranged so that the 30 MHz BTA entrepreneurial license auction is held first, followed by the auctions for the two 30 MHz MTA licenses. Alternatively, all three 30 MHz licenses could be auctioned together. Time to market is critical in the PCS industry. Eliminating the lag-time that small businesses and businesses owned by minorities and women would face if their licenses are auctioned two or three months after the two 30 MHz licenses will help ensure that these licenses will be successful and viable entities. Moreover, we do not support the argument that businesses eligible for the entrepreneurial band need an additional two to three months to secure their capital financing. We will be ready to bid on spectrum licenses as soon as the Commission begins auctioning off broadband PCS licenses.

We thank you for allowing us to present our views on this critical matter. If I can be of any assistance in the future, please do not hesitate to call me at (202) 371-6202.

Sincerely,



Lawrence R. Sidman

Attachment

cc: Commissioner Quello  
Commissioner Barrett  
Commissioner Ness  
Commissioner Chong

**ATTACHMENT A**

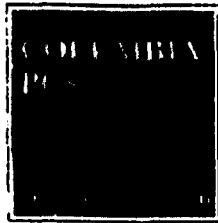
**PCS LICENSING EQUITY ALLIANCE**

**"PLEA"**

**Member List**

**Advanced Technologies  
American Wireless Communication  
Corporation  
ATS Telephone & Data Systems, Inc.  
Broadband Communications Corporation  
Business Service Center Inc.  
Carolina Wireless Corporation  
Choice Cellular  
Columbia PCS, Inc.  
Communications International Wireless,  
Inc.  
Corporate Telemanagement Group  
Council Grove Telephone Company  
Davison, Cohen & Co.  
Dynaco  
Essex Communications Partners  
First Century Partners  
Firstcom, Inc.  
Freeman Engineering Associates  
Hi-Tech Communications, Inc.  
Illinois Wireless Communications  
Corporation  
Infinity Wireless Communications, Inc.  
International Microwave  
Intronics**

**Kycom, Inc.  
Mercury Communications  
Midwest Mobile Communications  
Minnesota Equal Access Network  
Services, Inc. (57 members)  
Mobile Telcom Corp.  
Netwave Systems, Inc.  
North American Communications Corp.  
Pacific Communications  
Paramount Wireless  
Personal Network Services  
Pegasus Capital Management  
Pratt Group, Inc.  
Sequel Concepts, Inc.  
Small Business PCS Association  
Starlink  
Technology Engineering Co.  
Telamon Corp.  
Tel/Com, Inc.  
Telepoint Personal Communications, Inc.  
Teltec  
Transition Technology Corp.  
U.S. Intelco Networks, Inc. (280+  
members)  
Wisconsin Wireless Communications  
Corporation**



June 22, 1994

Mr. William Kinnard  
General Counsel  
FCC  
1919 M St., NW Room 614  
Washington, D.C. 20554

Dear Mr. Kinnard:

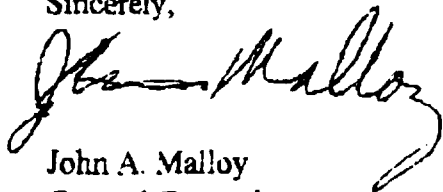
We recognize the myriad of complex issues now before the FCC regarding broadband PCS and applaud the entire staff's efforts in this endeavor. A particular area of concern is the difficult balance in formulating flexible rules capable of encouraging the significant capital investment required by broadband PCS while still preserving actual control by a designated entity. Columbia PCS suggests the following rules based upon careful distinctions in voting control, equity ownership and partnership structures as a possible solution to this admittedly difficult assignment.

1. Automatic Attribution of Interest at 15%.  
Revenues of Investors owning more than 15% total equity should be attributed to the applicant. If woman and minorities are allowed larger non-attributed investments no one investment should be larger than 40%.
2. Minimum Equity Ownership of 20% by the eligible entity
3. Minimum of 50.1% Voting Control by the eligible entity
4. In the case of a general and limited partnership structure, 50.1% of the general partnership's equity (i.e. controlling entity) should be owned by eligible entities.

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A requirement of 50.1% voting control and 20% total equity by the qualified entity preserves control with the designated entity. On the other hand, A requirement 50.1% total equity ownership in this capital intensive business would be so limiting as to actually preclude any equity participation by small businesses, women owned and minority owned businesses.

Sincerely,

A handwritten signature in black ink, appearing to read "John A. Malloy". The signature is fluid and cursive, with a long, sweeping underline that extends to the right.

John A. Malloy  
General Counsel